



How to Retire and Work Part Time

Learn how partial service retirement can give you more free time while still enjoying the benefits of your job.



Partial Service Retirement: What Is It?

Partial service retirement allows full-time State miscellaneous, State industrial, and public agency members (if the employer contracts for this benefit) to reduce their work time and receive a “partial” service retirement allowance based upon the reduction of work time.

For employers, it is a way to retain experienced employees who would otherwise plan to retire with a full service retirement.

With employer approval, active CalPERS members who meet the eligibility requirements can reduce their work time by at least 20 percent, but not more than 60 percent, and receive a retirement allowance for the balance. Example: If the work time is reduced by 30 percent (working 70 percent of full time), the retirement allowance would be 30 percent of what would be received if a full service retirement was elected.

What Are the Benefits?

For Member:

- Continues to accrue service credit while working part time
- Full-time pay rate is used to calculate the eventual full retirement benefit
- Retirement benefit factor may increase
- Retains the job security of a permanent employee
- Continues to earn all benefits available to full-time employees in a similar class or position, including health benefits
- Combined partial service retirement and employment income may be higher than full retirement income alone

For Employer:

- Strategy for retaining skilled employees
- Cost-effective way to leverage specialized skills
- Can be part of a workforce planning strategy
- Seasoned employees can mentor their successors



“A partial service retirement was our first step to retirement while still enjoying our jobs.”

It is to your advantage to earn at least one year of service credit under partial service retirement. Your full service retirement will be based mainly on the initial partial service retirement calculation, if you earn less than one year of service credit under partial service retirement.

Partial Service Retirement vs. Retired Annuitant Scenarios

Scenario 1: A State miscellaneous member, age 55 with 15 years of service, cannot afford to fully retire, but wishes to reduce work hours in order to phase into retirement.

Partial Service Retirement – Optimal

Partial Service Retirement allows members to continue to receive a salary for the percentage of time worked and a retirement allowance for the percentage of time on partial retirement. However, participation is contingent upon employer approval. Upon full retirement, Partial Service Retirement will also allow the member to receive additional prorated service credit and an increased final compensation if the salary increases during partial retirement. Given the above, this option is optimal.

Retired Annuitant – Not Optimal

This option requires that the member fully retire. Given that the member cannot afford to fully retire this alternative is not optimal.

Scenario 2: A State miscellaneous member, age 60 with 35 years of service, is financially able to fully retire but wishes to continue to work on a part-time basis in order to stay busy and have extra spending money.

Partial Service Retirement – Not Optimal

Since the member is financially able to retire and wishes to do so, Partial Service Retirement would not meet this member's objectives because he or she would have to continue working a reduced work schedule.

Retired Annuitant – Optimal

This option allows the member to fully retire and apply for retired annuitant employment opportunities with CalPERS employers. The employment must be in compliance with retiree employment restrictions.

See comparison chart on the back page.

Why Participate?

There are many reasons to consider partial service retirement. Some of the reasons are:

- Employer may want to retain a skilled employee, but the employee may want more free time
- Members may want to reduce employment due to health or family problems but cannot yet afford to fully retire
- Members may enjoy their jobs but want to phase into retirement
- Members can begin enjoying the benefits of retirement earlier
- An alternative to retiring fully and then working as a retired annuitant

More Information

For more detailed information about partial service retirement download these publications from the CalPERS On-line Web site at www.calpers.ca.gov.

- Partial Service Retirement (Publication 14)
- Employment After Retirement (Publication 33)
- Reinstatement After Retirement (Publication 37)

You can also order member publications by calling CalPERS toll free at **888 CalPERS** (or 888-225-7377).

While reading this material, remember that we are governed by the California Public Employees' Retirement Law. The statements in this pamphlet are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this pamphlet, any decisions will be based on the law and not this pamphlet.

Comparison Chart

EMPLOYMENT CONSIDERATIONS	PARTIAL SERVICE RETIREMENT	RETIRED ANNUITANT
Member retains permanent active employee status	yes	no
Merit salary adjustments possible	yes	no
Employer approval is required for participation	yes	yes
Member can return to full-time employment if or when full-time position is available	yes	n/a
Member can work up to 80% of full time	yes	limited to 960 hrs. per FY
Employer can require member to return to full-time employment only during a state of emergency	yes	n/a
Member accrues additional service credit	yes	no
Member retains union representation, if applicable	yes	no
Member receives health, dental, and vision care, if applicable	as active employee	as retiree
Must work for a CalPERS employer	yes	yes
The job must be a temporary appointment and the work must be of limited duration	no	yes
FINANCIAL CONSIDERATIONS	PARTIAL SERVICE RETIREMENT	RETIRED ANNUITANT
Member receives income from both the retirement allowance and employment salary or wages	yes	yes
Additional 10% federal and 2.5% State income tax penalties for early retirement payments prior to age 59½	yes	no
Cost-of-living adjustment for retirement allowance or ad hoc retirement benefit increases	no	yes
Member pays retirement contributions	yes	no
Future employer costs may emerge	yes	no
<p><i>The chart above compares partial service retirement with retiring fully and returning to work as a retired annuitant. For more information on working as a retired annuitant, please see CalPERS publication: Employment After Retirement (Publication 33) at www.calpers.ca.gov.</i></p>		



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